

Message Text

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ACTION EA-09

INFO OCT-01 AF-08 ARA-06 EUR-12 NEA-10 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 /134 W

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R 150812Z SEP 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6728

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LIBEVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMEMBASSY SINGAPORE

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY TOKYO

USINT BAGHDAD POUCH

AMCONSUL BONG KONG

AMCONSUL MEDAN

AMCONSUL SURABAYA

USMISSION EC BRUSSELS

AMEMBASSY OECD PARIS

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E.O. 11652: GDS

TAGS: ENRG, ID, OPEC
SUBJECT: OPEC AND OIL PRICES

REF: JAKARTA 11775

1. I CALLED ON MINES MINISTER MOHAMMAD SADLI, CURRENTLY OPEC PRESIDENT, SEPTEMBER 14 FOR DISCUSSION ON RESULTS HIS RECENT TRIP TO VARIOUS OPEC CAPITALS AND ON OTHER OIL MATTERS. MINISTER COMMENTED IT WAS HIS FIRST VISIT TO ARABIA.

2. SADLI STATED FLATLY, IN RESPONSE TO MY QUESTION, THAT THERE WOULD BE NO REPEAT NO SPECIAL MEETING ON PRICES BEFORE DOHA'S SESSION. HE INDICATED THAT HE HAD MET WITH SAUDI'S YAMANI IN TAIF AND HAD RAISED THIS SUBJECT. SADLI SAID THAT YAMANI OPPOSED SPECIAL SESSION AND ADDED IRANIANS FELT LIKEWISE. BOTH PREFERRED TO WAIT UNTIL DECEMBER BEFORE MAKING DECISION. (COMMENT: SADLI'S REMARKS ABOUT YAMANI CORRECT PREVIOUS REPORT IN PARA 1 REFTEL ABOUT SAUDI POSITION ON SPECIAL MEETING. END COMMENT.) SADLI ALSO MENTIONED THAT YAMANI, AMOUZEGAR, AND ABDUL KARIM HAD MET PREVIOUSLY IN TAIF FOR SESSION ON OPEC STRATEGY VIS-A-VIS CIEC AND OTHER OIL MATTERS.

3. I ASKED SADLI FOR HIS VIEWS ON POSSIBLE PRICE INCREASE IN DECEMBER, ADDING WE HAD HEARD RUMORS OF POSSIBLE 10 TO 15 PERCENT HIKE. MINISTER REPLIED SMILINGLY "WE HEAR THE SAME RUMORS" AND SAID HE COULD NOT OFFER ANY PREDICTION ON WHAT MIGHT HAPPEN. HE SAID THAT, AS ALWAYS, SAUDI'S YAMANI WOULD BE THE KEY TO THIS. LATER IN OUR CONVERSATION, HOWEVER, SADLI OPINED THAT ON THE BASIS OF OECD FIGURES USED TO CALCULATE PRICES OF OPEC'S IMPORTS, REASONABLE POSSIBILITY MIGHT BE FOR A PRICE RISE OF AROUND 10 PERCENT AS MEASURE TO PROTECT PURCHASING POWER.

4. SADLI SAID THAT SEVERAL MEMBERS WOULD PROBABLY MAKE ADJUSTMENTS OF THEIR PRICES IN INTERIM PERIOD. HE REFERRED TO VENEZUELA'S RECENT DECISION TO RAISE PRICES ON SOME OF ITS CRUDE AND

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INDICATED THAT YAMANI HAD TOLD HIM THAT SAUDI ARABIA WOULD PROBABLY BE INCREASING SOON THE PRICE OF ITS LIGHT ARABIAN CRUDE AS SPECIAL CASE. HE THOUGHT THAT SOME OF THE OTHER GULF PRODUCERS MIGHT DO LIKEWISE. SADLI ALSO COMMENTED ON THE EFFORTS OF OPEC MEMBERS TO REFINE THE ALGERIAN DIFFERENTIAL FORMULA. HE INDICATED THAT NOT MUCH PROGRESS HAD BEEN MADE AND HE DOUBTED THAT AGREEMENT ON THIS WOULD BE REACHED AT DOHA.

5. I ASKED THE MINISTER WHAT INDONESIA'S POSITION ON
A POSSIBLE PRICE HIKE WAS LIKELY TO BE. SADLI
REPLIED THAT THE GOI WOULD SUPPORT THE MAJORITY. HE
INDICATED, HOWEVER, THAT INDONESIA WOULD BASICALLY
KEEP ITS OWN "STRUCTURE" ON PRICES AND USE OPEC PRICE
RISE AS A CHANCE TO ADJUST PRICES ON CERTAIN CRUDES.
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